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June 17, 2019

Via Email (mary@gwjustice.com)

Mary Whittle
Guerrero & Whittle
2630 Exposition Blvd., Suite 102
Austin, Texas 78702

RE: Cause No. 18-08-0777; *San Miguel Electric Cooperative, Inc. v. AM Peeler Ranch LLC, et al.*; In the 218th Judicial District Court; Atascosa County, Texas

Dear Ms. Whittle:

Pursuant to Rule 11 of the Texas Rules of Civil Procedure, the following letter memorializes our agreement of today's date (the "Agreement") in the above-referenced cause between A.M. Peeler Ranch, LLC, Alonzo M. Peeler, Jr., Barbara Gene Peeler, Jason Peeler (the "Peeler Parties") and the San Miguel Electric Cooperative, Inc. ("San Miguel") (collectively the "Parties"). Reference is made to the Temporary Restraining Order entered by the Court in the above-referenced cause on August 14, 2018 (the "TRO").

The Parties, the Peeler Parties and San Miguel agree to extend the terms and effectiveness of the TRO through the entry of a final judgment in the case (the "Agreed Duration"), such that the Parties remain bound by, and the Parties specifically agree to remain bound by, each of the provisions of the TRO. Notwithstanding this Agreement, the Parties expressly reserve the right to petition the Court for an amendment to the TRO or for additional relief upon a showing of good cause.

San Miguel agrees to cancel the July 29, 2019, hearing on San Miguel's Motion for a Temporary Injunction. San Miguel also agrees it will not post a bond as part of its pursuit of the alternative plea in condemnation in this case. Nothing in this Agreement, however, prohibits San

Miguel from pursuing condemnation of the Peeler Ranch¹ in a parallel proceeding under Chapter 21 of the Texas Property Code.

The Peeler Parties agree not to pursue their Motion to Abate the Alternate Plea in Condemnation. Nothing in this Agreement should be construed to be a waiver of any of the Peeler Parties rights' in any condemnation action under applicable law, including but not limited to Chapter 21 of the Texas Property Code, the Texas Utilities Code, the Texas and Federal Constitution or applicable caselaw. The Peeler Parties expressly reserve any and all claims and defenses in any condemnation action and this Agreement should in no way be construed to be an admission as to San Miguel's right to take any portion of the Peeler Ranch.

In addition to the terms outlined in the TRO, San Miguel agrees to refrain from discharging wastewater from Pond 7² or disposing coal combustion residuals on the Peeler Lease premises from the date of this Agreement through the Agreed Duration or other such time as the Parties may mutually agree in writing. With respect to dewatering Pond 7 and the disposal of coal combustion residuals on the Peeler Lease premises, if a severe weather event or other exigent circumstances³ necessitates such activity, then San Miguel will notify the Peeler Parties of those circumstances at least 24 hours in advance. If exigent circumstances do not permit a full 24-hours' notice, then San Miguel agrees to provide as much advance notice as circumstances reasonably allow. The notice will provide the date, time, and outfall of the discharge as well as an estimate of the amount of discharge. Such notice will be given through counsel of record for the Parties.

San Miguel also agrees that discharges from ponds on the Peeler Lease premises, other than Pond 7, will be done in the ordinary course of business. San Miguel will give advance notice to the Peelers of discharges from these ponds. Such notice will be given at least 24 hours in advance unless exigent circumstances do not permit a full 24-hours' notice. If exigent circumstances exist, San Miguel agrees to provide as much advance notice as circumstances reasonably allow. The notice will provide the date, time, and outfall of the discharge as well as an estimate of the amount of discharge. Such notice will be given through counsel of record for the Parties.

¹ The "Peeler Ranch" is defined as the approximately 25,000 acres in Atascosa County with headquarters located at 6000 FM 3387, Jourdanton, TX 78026.

² The "discharge" of wastewater includes the use of the impounded water for any other purposes on the Peeler Ranch, including for dust suppression.

³ The term "exigent circumstances" is defined to mean situations that demand unusual or immediate action and in no event can be the result of action or failure to take action by San Miguel or any of the Counter-Defendants in the above-referenced lawsuit.

The parties agree that San Miguel may pursue alternate means of dewatering the ponds, end pits, and seeps in Area A of the San Miguel Lignite Mine other than discharge onto the surface of the Peeler Ranch.

If this letter accurately reflects our agreement, please sign where indicated below and return an executed copy to me for filing with the Court.

Sincerely,



Jennifer S. Freel

AGREED:



Mary Whittle

ATTORNEY FOR DEFENDANTS/
COUNTER-PLAINTIFFS A.M. PEELER
RANCH LLC, ALONZO M. PEELER, JR.
AND BARBARA GENE PEELER
AND INTERVENOR JASON PEELER



Date